CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31, 2012	December 31, 2011
CURRENT ASSETS		
Cash and cash equivalents		
Subscriber accounts receivable, less allowance of $ in 2012 and $ in 2011		
Settlements and access accounts receivable, less allowance of $ in 2012 and $ in 2011		
Materials and supplies		
Prepaid expenses		
Total current assets		
INVESTMENTS AND OTHER ASSETS		
Accounts receivable, affiliated company		
Investment in affiliates		
Investment in nonaffiliates		
Other assets		
Total other assets		
PROPERTY, PLANT, AND EQUIPMENT		
Telecommunications plant in service		
Telecommunications plant under construction		
Nonregulated plant in service		
Less accumulated depreciation		
Total property, plant, and equipment		
Total assets		

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDER'S EQUITY

	December 31,	
	2012	2011
CURRENT LIABILITIES		
Accounts payable		
Advanced billings		
Other accrued liabilities		
Income taxes payable		
Deferred revenues		
Current maturities - long-term debt		
Total current liabilities		
LONG-TERM DEBT		
DEFERRED INCOME TAXES		
STOCKHOLDER'S EQUITY		
Common stock shares authorized and outstan par value per share)		
Additional paid-in capital		
Retained earnings		
Total stockholder's equity		
Total liabilities and stockholder's equity		

See accompanying notes.

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 2012	Three Months Ended December 31, 2011
OPERATING REVENUE		
Wireline		
Video		
Internet		
Miscellaneous revenues		
Total operating revenues		
OPERATING EXPENSES		
Plant specific		
Plant nonspecific		
Depreciation and amortization		
Customer operations		
Corporate operations		
Other operating taxes		
Other operating expenses		
Total operating expenses		
Operating income		
NONOPERATING INCOME (EXPENSE)		
Interest and dividend income		
Interest expense		
Total nonoperating income (expense)		
Income before taxes		
Income tax expense		
Net income		

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance at October 1, 2011				
Net income for the period				
Balance at December 31, 20:				
Net income for the period				
Balance at December 31, 20:				

See accompanying notes.

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2012	Three Months Ended December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income		
Adjustments to reconcile net income to net cash from operations		
Depreciation		
Amortization		
Patronage income		
Deferred income taxes		
Changes in assets and liabilities		
Accounts receivable		
Affiliate accounts receivable		
Material and supplies		
Prepaid expenses		
Accounts payable		
Advance billings and payments		
Other accrued expenses		
Deferred revenue		
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		
Proceeds from sale of GLC common stock		
Patronage received		
Net cash from investing activities		

	Year Ended December 31, 2012	Three Months Ended December 31, 2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt		
NET CHANGES IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, beginning of periods		
CASH AND CASH EQUIVALENTS, end of periods		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for		
Interest		

See accompanying notes.

CLINTON COUNTY TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies

Description of entity - Clinton County Telephone Company (Company) provides local telephone exchange, Internet, television, and other telecommunications services to customers in the state of Michigan. The Company is wholly-owned by Great Lakes Comnet, Inc. (GLC).

Principles of consolidation - The financial statements include the accounts of Clinton County Telephone Company (CCTC) and its wholly-owned subsidiaries, Westphalia Telephone Company (WTC), Westphalia Broadband, Inc. (WBI), and Westphalia Communications, Inc. (WCI). Effective January 1, 2012, the operations of WCI were merged into WBI. All material intercompany accounts and transactions are eliminated in consolidation. On October 1, 2011, Great Lakes Comnet, Inc. (GLC) purchased all of the issued and outstanding common stock of the Company for

Accounting policies - The financial statements of the Company and its consolidated subsidiaries have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting prescribed by the Federal Communications Commission (FCC).

Accounting estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include depreciation expense and interstate access revenue settlements.

Cash and cash equivalents - For purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Concentration of risks - At various times throughout the year, the cash balances deposited in local institutions exceed federally insured limits.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectability of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 15 days after issuance of the subscriber bill. Receivables from other exchange carriers are due 30 days after issuance of the bill. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Clinton County management believes it has established adequate reserves for any risk associated with these receivables.

Note 1 - Significant Accounting Policies (continued)

Materials and supplies - Materials and supplies are valued at the lower of current market value or cost on a specific identification basis.

Investment in affiliate - The Company's investment in affiliate consists of an investment in Great Lakes Comnet. Great Lakes Comnet was created by a group of independent telephone companies to offer network and toll services. The investment is accounted for using the cost method.

Investments in nonaffiliates - Investments in nonaffiliates consist primarily of assigned patronage from other associations and are accounted for using the cost method.

Property, plant, and equipment - Property, plant, and equipment are stated at cost. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

Property, plant, and equipment are depreciated using the straight-line method over their estimated useful lives, generally ranging from 3 to 26 years. In accordance with composite group depreciation methodology, when a portion of the Company's depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Long-lived assets - Long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

Income taxes - The Company files consolidated income tax returns with its parent company, GLC, in the U.S. federal jurisdiction and state jurisdictions as applicable.

Deferred taxes are provided on a liability method whereby deferred tax liabilities are recognized for deductible temporary differences and deferred tax assets are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax liabilities relate primarily to the use of accelerated depreciation methods for tax purposes. Deferred tax assets relate primarily to net operating loss and capital loss carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not some portion or all of the deferred tax will not be realized.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of December 31, 2012 and 2011, the Company had no accrued amounts related to uncertain tax positions. The statute of limitations is generally three years for federal returns and four years for Michigan returns. The Company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2009 and 2008, respectively.

Note 1 - Significant Accounting Policies (continued)

Revenue recognition - Monthly service fees derived from local wireline, Internet, and television services are billed one month in advance, but recognized in the month that service is provided.

Usage sensitive revenues such as access (revenues earned for originating/terminating long distance calls) and long distance charges billed to subscribers are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

Westphalia Telephone's wireline revenues also include settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Revenues are determined by formulas that are based upon a representative sample of pooled network facility costs and demand quantities (i.e. minutes of use, access lines, etc.). These formulas are approved by the FCC annually and the pools are subject to a 24-month adjustment period. Management does not anticipate significant adjustments to recorded revenues for the years ended December 31, 2012 and 2011.

Westphalia Telephone's universal service support revenue is intended to compensate the Company for the high cost of providing rural telecommunications service. Universal service support revenue includes funds received for high cost loop support, interstate common line support, local switching support (prior to July 1, 2012), Connect America Fund (CAF) support, and other miscellaneous programs.

Regulation - The Company's services are subject to rate regulation as follows:

- Incumbent local telephone and intrastate access revenues are regulated by the Michigan Public Service Commission.
- Incumbent interstate access revenues are regulated by the Federal Communications Commission (FCC) through its regulation of rates and settlements procedures as administered by NECA.
- Universal service revenues are administered by Universal Service Administrative Company (USAC), based on rules established by the FCC.

Other sources of revenues are not rate regulated, and include local wireline and access services that are provided in competition with another incumbent wireline carrier (CLEC), Internet, long distance, equipment sales, billing and collection, and other incidental services.

Nonregulated expenses and nonregulated plant are directly attributable to the following nonregulated services: Internet, television, and miscellaneous revenues.

All other operating expenses and telecommunications plants are related primarily to wireline revenues. However, some of these costs jointly relate to regulated and nonregulated services.

Note 1 - Significant Accounting Policies (continued)

Regulation (continued) - In October 2011, the FCC issued an order reforming Intercarrier Compensation and Universal Service Funding (USF) mechanisms and issued a Further Notice of Proposed Rulemaking (FNPRM) on long-term USF reform, transition timing, and implementation. The majority of the new rules took effect, subject to various transition provisions, on July 1, 2012.

Major provisions of the order and FNPRM include:

- Limitations on the amount of support received per line
- Limitations on capital expenditures and operating expenses recoverable from the USF
- Benchmarks for minimum local rates charged to end users by recipients of support
- The establishment of the Access Recovery Charge billed to end users
- The phase out of local switching support and terminating interstate and intrastate switched access charges
- Establishment of the Connect America Fund, a new funding mechanism for investment and expenses related to the switching function

Management is monitoring the impacts of the reform on an on-going basis.

Taxes imposed by governmental authorities - The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Company. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

Reclassifications - For comparability, certain of the 2011 figures have been reclassified in order to conform to the 2012 presentation. These reclassifications had no effect on net income or stockholder's equity as previously reported.

Subsequent events - Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through March 26, 2013, which is the date the financial statements are available to be issued.

Note 2 - Investments in Nonaffiliates

Investments in nonaffiliates consist primarily of assigned patronage from other cooperatives and nonmarketable stock of telephone industry corporations. Investments in nonaffiliated organizations are carried at cost, as the investments do not have readily determinable fair values, and consist of the following:

	2012	2011
National Rural Telecommunications Cooperative (NRTC)	$	
Rural Telephone Finance Cooperative (RTFC)		
CoBank		
	$	

In connection with the loan agreement with Rural Telephone Finance Cooperative (RTFC), the Company was required to purchase subordinated credit certificates (SCC) equal to 10% of the loan proceeds. These certificates are returned gradually as the loan principal balance is paid. Additionally, the Company also receives annual capital credit allocations that reflect the Company's contribution to the earnings of RTFC.

Note 3 - Other Assets

Other assets consist of the following:

	2012	2011
Loan fees	$	
Video services contract		
	$	

The Company entered into a ten-year contract with to provide video services. Initial costs related to the contract are amortized on a straight-line basis.

Note 3 - Other Assets (continued)

The costs are being amortized on a straight-line basis over the life of the agreements. Amortization expense expected to be recognized over the next four years is as follows:

Years Ending December 31,
2013
2014
2015
2016

Note 4 - Property, Plant, and Equipment

Property, plant, and equipment balances, together with accumulated depreciation, consist of the following at December 31:

	Depreciable Life	Plant Account	Accumulated Depreciation	2012 Net Balance	2011 Net Balance
Telecommunications plant in service					
General support assets	4-26 years				
Central office assets	4-10 years				
Cable and wire facilities	17 years				
Internet and television	3-20 years				
Plant under construction	n/a				

Note 5 - Long-Term Debt

Long-term debt is as follows as of December 31:

	Interest Rates	Maturity Dates	2012	2011
Rural Telephone Finance Cooperative (RTFC), variable				
Rural Telephone Finance Cooperative (RTFC), variable				
Less current portion				

The RTFC debt requires quarterly principal payments ranging from $ to $ plus interest through February 28, 2015.

Substantially all assets of the Company are pledged as security for long-term debt. The terms of the mortgage agreements contain restrictions requiring the maintenance of defined ratios for leverage, debt service coverage, and include limitations on additional debt and dividend distributions.

Maturities of long-term debt obligations for the three years following December 31, 2012, are as follows:

Years Ending December 31,	
2013	
2014	
2015	

Note 6 - Income Taxes

The components of the provision for income tax benefit (expense) are as follows as of December 31:

	2012	2011
Current		
Federal		
State		
Deferred		
Federal		
State		
Change in state tax rate		

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before taxes due to the effect of state income taxes (net of federal benefit), nondeductible items, and prior year over or under accruals.

The components of the net deferred tax liability recorded in the accompanying balance sheets at December 31, are:

	2012	2011
Deferred tax asset		
Allowance for doubtful accounts		
Accrued compensation		
Net operating loss carryforward		
Capital loss carryforwards		
Valuation allowance		
Net deferred tax assets		
Deferred tax liability		
Tax depreciation greater than book		

Note 6 - Income Taxes (continued)

The Company has a federal net operating loss carryforward of approximately $ that begins to expire in 2027. The Company also has federal and state capital loss carryforwards of approximately that expire in 2014. Due to a change in control, the use of net operating losses and capital losses are subject to limitation imposed by the Internal Revenue Code, which limits the use to approximately $ per year.

Note 7 - Lease Agreements

The Company leases office space under an operating lease that requires monthly payments of through September 30, 2014. Lease expense amounted to and $ for the years ended December 31, 2012 and 2011, respectively.

Future minimum lease payments on noncancelable operating leases are for 2013 and $ for 2014.

Note 8 - Related Party Transactions

The Company and its parent, Great Lakes Comnet, participate in various related party transactions that are explained below:

The Company provides certain operations and maintenance services to GLC for the tandem switch and STP equipment that resides in the Company's building. The Company also provides limited technical services that are billed on an hourly basis. The Company receives per month for the services.

In addition to the contract mentioned above, the Company receives settlements for transporting traffic from the GLC fiber route and terminating that traffic at the GLC tandem. The Company receives per month for billing and collection services and bandwidth between the facilities.

Note 9 – Net Assets Acquired in Business Combination

Net assets acquired by GLC effective October 1, 2011, in connection with the stock purchase of the Company are summarized below at estimated fair value:

Current assets	
Other assets	
Property, plant, and equipment	
Current liabilities	
Long-term debt	
Deferred income tax liability	
Net assets acquired	

SUPPLEMENTARY INFORMATION

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

WWW.MOSSADAMS.COM

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY INFORMATION

Board of Trustees
Clinton County Telephone Company

We have audited the consolidated financial statements of Clinton County Telephone Company as of and for the year ended December 31, 2012, and have issued our report thereon dated March 26, 2013, which contained an unmodified opinion on those financial statements and appears on page 1. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Spokane, Washington
March 26, 2013

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATING BALANCE SHEET

	December 31, 2012				
	Clinton County Telephone	Westphalia Telephone Company	Westphalia Broadband Inc.	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents					
Subscriber accounts receivable, net					
Settlements and access accounts receivable, net					
Materials and supplies					
Prepaid expenses					
Total current assets					
INVESTMENTS AND OTHER ASSETS					
Accounts receivable, affiliated company					
Investment in affiliates					
Investment in nonaffiliates					
Deferred income taxes					
Other assets					
Total other assets					
PROPERTY, PLANT, AND EQUIPMENT					
Telecommunications plant in service					
Telecommunications plant under constructioı					
Nonregulated plant in service					
Less accumulated depreciation					
Total property, plant, and equipment					
Total assets					

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATING BALANCE SHEET

	December 31, 2012				
	Clinton County Telephone	Westphalia Telephone Company	Westphalia Broadband Inc.	Eliminations	Total
CURRENT LIABILITIES					
Accounts payable					
Advanced billings					
Other accrued liabilities					
Income taxes payable					
Deferred revenues					
Current maturities - long-term debt					
Total current liabilities					
LONG-TERM DEBT					
Rural Telephone Finance Cooperative					
Affiliated company					
Total long-term debt					
DEFERRED INCOME TAXES					
STOCKHOLDER'S EQUITY					
Common stock					
Additional paid-in capital					
Retained earnings					
Totl stockholder's equity					
Total liabilities and equity					

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATING STATEMENT OF INCOME

	For the Year Ended December 31, 2012				
	Clinton County Telephone	Westphalia Telephone Company	Westphalia Broadband Inc.	Eliminations	Total
OPERATING REVENUE					
Wireline					
Video					
Internet					
Miscellaneous revenues					
Total operating revenues					
OPERATING EXPENSES					
Plant specific					
Plant nonspecific					
Depreciation and amortization					
Customer operations					
Corporate operations					
Other operating taxes					
Other operating expenses					
Total operating expenses					
Operating income (loss)					
NONOPERATING INCOME (EXPENSE)					
Interest and dividend income					
Interest expense					
Income from affiliate					
Total nonoperating income (expense)					
Income (loss) before taxes					
Income tax benefit (expense)					
Net income (loss)					

Communication with Those Charged with Corporate Governance under US Auditing Standards (AU-C Sections 260 and 265)

Our responsibility under US Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Sensitive accounting estimates

- Depreciation
- Allowance for disputed access

Difficulties in performing the audit

None

Corrected and uncorrected misstatements

List provided

Disagreements with management

None

Management representations

We have requested certain representations from management that are included in the management representation letter dated as of the report date.

Management consultations with other independent accountants

None

Other findings or issues

None

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Westphalia, Michigan

Consolidated Financial Statements
And Supplemental Material

Three Months Ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

April 24, 2012

Board of Directors
Clinton County Telephone Company
Westphalia, Michigan 48894

We have audited the accompanying consolidated balance sheet of Clinton County Telephone Company and subsidiaries as of December 31, 2011 and the related statements of income, changes in stockholder's equity, and cash flows for the three months then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clinton County Telephone Company and subsidiaries as of December 31, 2011, and the results of its operations and its cash flows for the three months then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental material contained on pages 16 through 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lally Group, P.C.

Lally Group, P.C.
Certified Public Accountants
Grand Ledge, Michigan

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2011

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES
Accounts Payable
Advanced Billing
Accrued Interest
Other Accrued Liabilities
Accrued Income Taxes
Deferred Revenue
Current Maturies - Long-Term Debt
Total Current Liabilities

LONG-TERM DEBT
Long-Term Debt - RTFC
Less: Current Maturities
Total Long Term Debt

DEFERRED INCOME TAXES

STOCKHOLDER'S EQUITY
Common Stock (. shares authorized and
outstanding, $ par value per share)
Additional paid in capital
Retained Earnings
Total Stockholder's Equity

TOTAL LIABILITIES AND
STOCKHOLDER'S EQUITY

The accompanying notes are an integral part of these consolidated financial statements

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2011

ASSETS

CURRENT ASSETS
Cash & Cash Equivalents
Telecom Accounts Receivable
Less Allowance of
Due from GLC
Materials & Supplies
Prepaid Expenses
Prepaid Income Taxes
Deferred Income Taxes
Total Current Assets

OTHER ASSETS
Investment in GLC, an Unconsolidated Affiliate
Other Investments
Deferred Loan Costs, Net of Amortization
Video Head End Contract, Net of Amortization
Total Other Assets

PROPERTY, PLANT, & EQUIPMENT
Telecommunication Plant in Service
Plant Under Construction
Other Plant in Service
Less: Accumulated Depreciation
Total Property, Plant, & Equipment

TOTAL ASSETS

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidated Statement of Income
For The Three Months Ended December 31, 2011

OPERATING REVENUE
- Local Service Revenue
- Local Termination Revenue
- Access Service Revenues
- Toll Resale Revenue
- Video Service Revenue
- DSL & Internet Revenue
- CLEC Revenue
- Tandem Revenue
- Miscellaneous Revenues
- Recovered Uncollectibles

Total Operating Revenues

OPERATING EXPENSES
- Plant Specific
- Plant Non-Specific
  - Network and Other
  - Depreciation and Amortization
- Customer Operations
- Corporate Operations
- Toll Resale Expense

Total Operating Expenses

OPERATING INCOME

OPERATING TAXES
- State and Local Taxes
- Federal Income Taxes

Total Operating Taxes

NET OPERATING INCOME

OTHER INCOME AND EXPENSES
- Interest & Dividends
- Gain on Sale of GLC Common Stock
- State Income Tax
- Federal Income Tax

Total Other Income & Expense

INCOME BEFORE FIXED CHARGES

FIXED CHARGES - Interest Expense

NET INCOME

EARNINGS PER SHARE

The accompanying notes are an integral part of these consolidated financial statements

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholder's Equity
For The Three Months Ended December 31, 2011

	Common Stock	Additional Paid In Capital	Retained Earnings	Total Stockholder's Equity
BALANCE AT OCTOBER 1, 2011				
Net Income For the Period				
BALANCE AT DECEMBER 31, 2011				

The accompanying notes are an integral part of these consolidated financial statements

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidated Statement of Cash Flows
For The Three Months Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income
Adjustments to reconcile net income to
net cash provided by operations:
Depreciation
Amortization
Patronage Income
Deferred Income Taxes
(Increase) Decrease in:
Trade Accounts Receivable
Affiliate Accounts Receivable
Materials & Supplies
Prepaid Expenses
Increase (Decrease) in:
Trade Accounts Payable
Advance Billings and Payments
Accrued Interest
Other Accrued Expenses
Deferred Revenue
NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment
Plant Under Construction
Proceeds from Sale of GLC Common Stock
Decrease (Increase) in Long Term Investments
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Long-Term Debt
Common Stock Dividends
NET CASH USED BY FINANCING ACTIVITIES

NET INCREASE (DECREASE) IN CASH

CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD

CASH AND CASH EQUIVALENTS - END OF PERIOD

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
Cash Paid For:
Interest
Federal Income Taxes

The accompanying notes are an integral part of these consolidated financial statements

CLINTON COUNTY TELEPHONE COMPANY AND SUBSIDIARIES

Notes To Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Nature of Operations and Principles of Consolidation</u>

The accompanying consolidated financial statements include the accounts of Clinton County Telephone Company (CCTC) and its wholly-owned subsidiaries: Westphalia Telephone Company (WTC), Westphalia Communications, Inc. (WCI) and Westphalia Broadband, Inc. (WBI), collectively referred to as "the Company." All material inter-company accounts and transactions are eliminated in consolidation. Effective October 1, 2011, Great Lakes Comnet, Inc. (GLC) purchased all of the issued and outstanding common stock of the Company for The Company is a wholly-owned subsidiary of GLC.

The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Public Service Commission of Michigan, which conform to accounting principles generally accepted in the United States of America (US GAAP).

<u>Use of Estimates</u>

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

<u>Revenue Recognition</u>

Toll service revenues, access revenues and local service revenues are recognized when earned, regardless of the period in which they are billed. Amounts billed or paid in advance of revenue recognition are recorded as advanced billing or deferred revenue.

Beginning in 1984, the Company began to provide access services to common (long distance) carriers to access the exchange of the Company. The Company now receives settlements for providing access service from the National Exchange Carrier Association (Interstate). Interstate access settlements are based on average nationwide settlements. Intrastate access revenues are on a bill and keep arrangement.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents include bank accounts and money market funds. Cash accounts are at financial institutions that are covered by the Federal Deposit Insurance Corporation (FDIC) in the amount of During the year, the Company may have deposits in excess of FDIC insurance coverage.

<u>Materials and Supplies</u>

Materials and supplies are valued at the lower of current market value or cost on a specific identification basis.

CLINTON COUNTY TELEPHONE COMPANY AND SUBSIDIARIES

Notes To Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are customer obligations due under normal trade terms for the industry. The Company generally does not require collateral or other security on trade accounts receivable.

The Company maintains an allowance, when considered necessary, for estimated losses resulting from the inability of its customers to make required payments. The allowance is estimated based upon historical experience of write-offs, the level of past due amounts, information known about specific customers with respect to their ability to make payments and future expectations of conditions which might impact the collectability of accounts. Actual results could differ from those estimates. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be recorded by management.

Investment in Unconsolidated Affiliate (Eliminated in Consolidation with GLC)

The Company's investment in unconsolidated affiliate is accounted for at estimated fair value as described in Note 12. The Company does not have voting control of the affiliate.

Telephone Plant and Depreciation

Additions to telephone plant and replacements of significant units of property are capitalized at their original cost. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve, together with any related salvage and removal costs. No gains or losses are recognized in connection with routine retirements of depreciable property except for land and artwork.

Depreciation is computed using the straight-line method for financial reporting purposes by the application of class or overall composite rates, based on the estimated service lives of the various classes of depreciable telephone property. These composite rates were for 2011. Statutory rates and lives are used for income tax purposes.

Intangible Assets

Costs to issue the long-term debt have been capitalized and are amortized on a straight-line basis over the life of the loan. Amortization expense related to the deferred loan costs is expected to be each year for 2012 through 2014 and for 2015 based on the Company's deferred loan costs as of December 31, 2011.

The Company entered into a contract with provide video services. Costs related to the contract are amortized on a straight-line basis. Amortization expense related to the contract is expected to be each year for 2012 through 2015 and for 2016 based on the Company's deferred contract costs as of December 31, 2011.

CLINTON COUNTY TELEPHONE COMPANY AND SUBSIDIARIES

Notes To Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

Long-lived assets and identifiable intangibles are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and state jurisdictions as applicable. The statute of limitations is generally three years for federal returns and four years for Michigan returns.

Deferred income taxes are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the enactment date. To the extent that available evidence about the future raises doubt about the realization of a deferred income tax asset, a valuation allowance is established by management.

Advertising

The Company expenses advertising costs as incurred. The Company's advertising expenses in 2011 were not material.

Subsequent Events

Management of the Company has evaluated subsequent events through April 24, 2012, the date which the financial statements were available to be issued.

2. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The Company has invested in GLC, a company created by a group of independent telephone companies to offer network and toll services. This investment is recorded at cost.

The Company has offset accounts receivable with accounts payable related to a flow through billing arrangement with GLC. Amounts due to GLC are not payable until collected from various carriers.

In connection with the loan agreement with Rural Telephone Finance Cooperative (RTFC), the Company was required to purchase securitized credit certificates (SCC) equal to of the loan proceeds. These certificates are returned gradually as the loan principal balance is paid. The balance of SCC and patronage investments amounted to as of December 31, 2011.

In addition to the SCC requirement, RTFC issues annual patron capital certificates that will be paid in future years. The balance of these capital certificates amounted to as of December 31, 2011.

Prior to executing the loan agreement with RTFC, the Company had secured financing through CoBank. Before refinancing the loans with RTFC, the Company had accumulated patronage capital and has recorded as of December 31, 2011.

The Company purchases equipment and wireless services through the National Rural Telecommunications Cooperative (NRTC). As part of that cooperative the Company has recorded patronage capital of as of December 31, 2011.

3. NET ASSETS ACQUIRED IN BUSINESS COMBINATION

Net assets acquired by GLC effective October 1, 2011 in connection with the stock purchase of the Company are summarized below at estimated fair value:

Current Assets
Other Assets
Property, Plant & Equipment
Current Liabilities
Long-term Debt
Deferred Income Tax Liability

Net Assets Acquired

4. PROPERTY, PLANT AND EQUIPMENT

The cost of property, plant and equipment as of December 31, 2011 is summarized as follows:

Land
Building and building improvements
Fiber network
Buried cable and drops
Switching equipment
Circuit equipment
DSL
Video head end
Paystations and poles
Computer equipment
Office furniture and equipment
Vehicles

5. LONG-TERM DEBT

Long-term debt payable to RTFC consists of the following at December 31, 2011:

Note , interest at	Matures February 28, 2015.	$
Note interest a	Matures February 28, 2015.	
Note , interest at	Matures February 28, 2015.	
Less: current maturities		
Long-term debt		$

The RTFC debt requires quarterly principal payments ranging from $ plus interest through February 28, 2015.

The RTFC debt is secured by all personal property of the Company and requires compliance with positive and negative financial covenants as defined in the loan agreement.

Future principal payments on long-term debt for the years ending December 31 are as follows:

2012	$
2013	
2014	
2015	
	$

6. INCOME TAXES

Income tax expense consists of the following for the three months ended December 31, 2011:

	Operating	Non-operating
Federal - Current	$	
Federal - Deferred		
State of Michigan		
Total income tax expense		

CLINTON COUNTY TELEPHONE COMPANY AND SUBSIDIARIES

Notes To Consolidated Financial Statements

6. INCOME TAXES (CONTINUED)

The amount shown for federal income tax benefit on the consolidated statement of income is different than amounts computed by applying the statutory federal income tax rate to income before income taxes. A reconciliation of such amounts for the nine months ended December 31, 2011 is as follows:

Income tax expense at federal statutory rates
Utilization of carryforwards previously reduced by valuation allowance
Other

Temporary differences between the consolidated financial statement amounts and income tax bases of assets and liabilities that give rise to significant portions of the net deferred income tax asset and liability relate to the following as of December 31, 2011:

Bad debt allowance
Accrued compensation
Property, plant and equipment
Net operating loss carryforward
Capital loss carryforward - Federal
Capital loss carryforward - State
Valuation allowance

Long-Term Net Deferred Income Tax Liability

The net operating loss (NOL) and capital loss (CL) carryforwards expire as follows, if not previously utilized:

	NOL	CL
2027		
2028		
2029		
2030		
2031		

CLINTON COUNTY TELEPHONE COMPANY AND SUBSIDIARIES

Notes To Consolidated Financial Statements

6. INCOME TAXES (CONTINUED)

Realization of the gross deferred income tax assets is primarily dependent upon generating sufficient taxable income prior to expiration of the loss carryforwards. In assessing the realizability of deferred income tax assets, management follows the guidance contained within US GAAP, which requires that deferred income tax assets be reduced by a valuation allowance if, based on the weight of available evidence, it is "more likely than not" that some portion or all of the deferred income tax assets will not be realized. Management has concluded that, following the guidance of US GAAP, it is appropriate to record a valuation allowance equal to the total deferred income tax assets related to capital loss carryforwards at December 31, 2011.

7. OPERATING LEASE COMMITMENTS

The Company leases office space under an operating lease which requires monthly payments of through September 30, 2014. Lease expense amounted to for the three months ended December 31, 2011.

Future minimum lease payments on noncancelable operating leases are as follows:

2012
2013
2014

8. RETIREMENT PLAN

The Company maintains a defined contribution 401(k) plan which allows the Board of Directors to match contributions and/or declare profit sharing contributions. The Board elected to suspend matching and profit sharing contributions and accordingly, there were no retirement plan contributions recorded for the three months ended December 31, 2011.

9. CABS DISPUTES

Interexchange carriers continue to dispute access charges from local exchange carriers. In 2011 Such charges are evaluated by management and recorded in the financial statements when believed to be fixed and determinable.

CLINTON COUNTY TELEPHONE COMPANY AND SUBSIDIARIES

Notes To Consolidated Financial Statements

10. ADDITIONAL DISCLOSURES

The Company has entered into several joint ventures with GLC. One venture involves the leasing of a host Siemans switch from GLC. The new host/tandem switch provides all of the local services for the Westphalia exchange. The monthly cost of the lease of the host switch is

The Company has also agreed to provide certain operations and maintenance services to GLC for the tandem switch and STP equipment. This agreement provided the housing and maintenance of the tandem switch and STP in the Company's building. The Company also provides limited technical services that are billed on an hourly basis.

The Company has built a fiber ring to connect to the GLC fiber routes in Portland and St. Johns. These fiber routes will be used with incremental fibers on the GLC fiber backbone to form a self-healing fiber ring from Westphalia to St. Johns to Lansing to Portland and back to Westphalia.

In addition to the contract mentioned above, the Company receives settlements for transporting traffic from the GLC fiber route and terminating that traffic at the GLC tandem.

11. PUBLIC ACT 182 – INTRASTATE ACCESS REFORM

In December 2009 Public Act 182 became law and mandated intrastate access rates restructuring. The new law creates a pool that will keep the Company whole for four years and transition the revenue loss over the following eight years based upon losses in access line counts. Currently the pool does not offer protection to CLEC billing and WBI will have to implement rate reductions over the next five years.

12. FAIR VALUE MEASUREMENTS

US GAAP establishes a fair value measurement framework including a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under US GAAP are distinguished by inputs to the valuation methodology summarized as follows:

> Level 1 (highest priority) - Quoted market prices for identical assets or liabilities in active markets at the measurement date.
>
> Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; and model-driven valuations in which all significant inputs or significant value drivers are observable in active markets.
>
> Level 3 (lowest priority) - Management's best estimate of what market participants would use in pricing the instrument at the measurement date and model-driven valuations which are unobservable and significant to the fair value measurement.

The assessed level is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes in the methodologies used as of December 31, 2011.

Descriptions of the valuation methodologies used for assets measured at fair value are as follows:

GLC common stock (Level 2): Valued at the price per share for sales of the common stock during 2011.

Property, plant and equipment (Level 3): Valued at management's best estimate of fair value as of October 1, 2011.

These methods may produce a fair value measurement that may not be indicative of net realizable value or future fair values. Management believes its valuation methods are appropriate, but the use of different methodologies or assumptions could result in a different fair value measurement at the measurement date.

There were no changes to the property, plant and equipment measured at fair value during the three months ended December 31, 2011.

- SUPPLEMENTAL MATERIAL -

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidating Balance Sheet
December 31, 2011

ASSETS

	Clinton County Telephone	Westphalia Telephone Company	Westphalia Communications Inc.	Westphalia Broadband Inc.	Eliminations	Total
CURRENT ASSETS						
Cash and Cash Equivalents						
Telecommunications Accounts Receivable Less Allowances						
Other Accounts Receivable						
Accounts Receivable - Affiliated Company						
Materials and Supplies						
Prepaid Expenses						
Prepaid Income Taxes						
Deferred Income Taxes						
Total Current Assets						
INVESTMENTS AND OTHER ASSETS						
Notes Receivable - Affiliated Company						
Investments in Affiliated Co.						
Securities Available for Sale						
Other Investments						
Intangible Asets, Net of Amortization						
Total Investments and Other Assets						
PROPERTY, PLANT & EQUIPMENT						
Telecomm. Plant in Service						
Plant Under Construction						
Other Plant in Service						
Less Accumulated Depreciation						
Net Property, Plant & Equipment						
TOTAL ASSETS						

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidating Balance Sheet
December 31, 2011

LIABILITIES & STOCKHOLDER'S EQUITY

	Clinton County Telephone	Westphalia Telephone Company	Westphalia Communications Inc.	Westphalia Broadband Inc.	Eliminations	Total
CURRENT LIABILITIES						
Accounts Payable - Trade						
Accounts Payable - Affiliated Company						
Advance Billing & Payments						
Accrued Interest						
Other Accrued Liabilities						
Accrued Income Taxes						
Deferred Revenue						
Current Maturities - Long-Term Debt						
Total Current Liabilities						
LONG-TERM DEBT						
RTFC						
Affiliated Company						
Less : Current Portion						
Total Long-Term Debt						
DEFERRED INCOME TAXES						
STOCKHOLDER'S EQUITY						
Common Stock						
Additional paid in capital						
Retained Earnings - Beginning						
Net Income for the Period						
Unrealized Gain (Loss) on Securities						
Total Stockholder's Equity						
TOTAL LIABILITIES AND EQUITY						

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidating Statement of Income
For The Three Months Ended December 31, 2011

	Clinton County Telephone	Westphalia Telephone Company	Westphalia Communications Inc.	Westphalia Broadband Inc.	Eliminations	Total
OPERATING REVENUE						
Local Service Revenues	$					
Local Termination Revenue						
Access Service Revenue						
Toll Resale Revenue						
Video Service Revenue						
DSL & Internet Revenue						
CLEC Revenue						
Tandem Revenue						
Miscellaneous Revenues						
Uncollectible Revenue						
Total Operating Revenues	$					
OPERATING EXPENSES						
Plant Specific	$					
Plant Non-Specific						
Network and Other						
Depreciation and Amortization						
Customer Operations						
Corporate Operations						
Toll Resale Expense						
Federal Income Taxes						
Other Operating Taxes						
Total Operating Expenses	$					
NET OPERATING INCOME	$					
OTHER INCOME AND EXPENSES						
Interest & Dividends	$					
Capital Gain/(Loss)						
State Income Tax						
Federal Income Tax						
Total Other Income & Expense	$					
INCOME BEFORE FIXED CHARGES	$					
FIXED CHARGES						
Interest Expense	$					
NET INCOME BEFORE SUBSIDIARIE!	$					
NET INCOME FROM SUBSIDIARIES						
NET INCOME	$					

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidating Statement of Cash Flows
For The Three Months Ended December 31, 2011

	Clinton County Telephone	Westphalia Telephone Company	Westphalia Communications Inc.	Westphalia Broadband Inc.	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net Income						
Adjustments to reconcile net income to net cash provided by operations:						
(Gain) on Sale of GLC Common Stock						
Net income from subsidiaries						
Depreciation						
Amortization						
Patronage income						
Deferred Income Taxes						
(Increase) Decrease in:						
Trade Accounts Receivable						
Affiliate Receivables						
Materials & Supplies						
Prepaid Expenses						
Increase (Decrease) in:						
Trade Accounts Payable						
Advance Billings and Payments						
Accrued Interest						
Other Accrued Expenses						
Deferred Revenue						
NET CASH PROVIDED BY OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Property and Equipment						
Plant Under Construction						
Proceeds from sale of GLC common stock						
Decrease (Increase) in Long Term Investments						
NET CASH PROVIDED BY INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal payments on Long-Term Debt						
Common Stock Dividends						
NET CASH USED BY FINANCING ACTIVITIES						
NET INCREASE/(DECREASE) IN CASH						
CASH AND CASH EQUIVALENTS - BEGINNING						
CASH AND CASH EQUIVALENTS - ENDING						

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Westphalia, Michigan

Consolidated Financial Statements
And Supplemental Material

Nine Months Ended September 30, 2011

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INDEPENDENT AUDITORS' REPORT

April 5, 2012

Board of Directors
Clinton County Telephone Company
Westphalia, Michigan 48894

We have audited the accompanying consolidated balance sheet of Clinton County Telephone Company and subsidiaries as of September 30, 2011 and the related statements of income, changes in stockholders' equity, and cash flows for the nine months then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clinton County Telephone Company and subsidiaries as of September 30, 2011, and the results of its operations and its cash flows for the nine months then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental material contained on pages 15 through 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

As disclosed in note 2 to the financial statements, Great Lakes Comnet, Inc. purchased all of the issued and outstanding common stock of Clinton County Telephone Company as of September 30, 2011.

Lally Group, P.C.

Lally Group, P.C.
Certified Public Accountants
Grand Ledge, Michigan

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidated Balance Sheet
September 30, 2011

ASSETS

CURRENT ASSETS
Cash & Cash Equivalents
Telecom Accounts Receivable
Less Allowance of
Other Accounts Receivable
Materials & Supplies
Prepaid Expenses
Prepaid Income Taxes
Deferred Income Taxes
Total Current Assets

OTHER ASSETS
Investment in GLC, an Unconsolidated Affiliate
Other Investments
Deferred Loan Costs, Net of Amortization
Video Head End Contract, Net of Amortization
Total Other Assets

PROPERTY, PLANT, & EQUIPMENT
Telecommunication Plant in Service
Plant Under Construction
Other Plant in Service
Less: Accumulated Depreciation
Total Property, Plant, & Equipment

TOTAL ASSETS

The accompanying notes are an integral part of these consolidated financial statements

CLINTON COUNTY TELEPHONE COMPANY
AND SUBSIDIARIES
Consolidated Balance Sheet
September 30, 2011

LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES
Accounts Payable
Advanced Billing
Accrued Interest
Other Accrued Liabilities
Accrued Income Taxes
Deferred Revenue
Current Maturies - Long-Term Debt
Total Current Liabilities

LONG-TERM DEBT
Long-Term Debt - RTFC
Less: Current Maturities
Total Long Term Debt

DEFERRED INCOME TAXES

STOCKHOLDERS' EQUITY
Common Stock shares authorized and outstanding, par value per share)
Retained Earnings
Total Stockholders' Equity

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

The accompanying notes are an integral part of these consolidated financial statements